

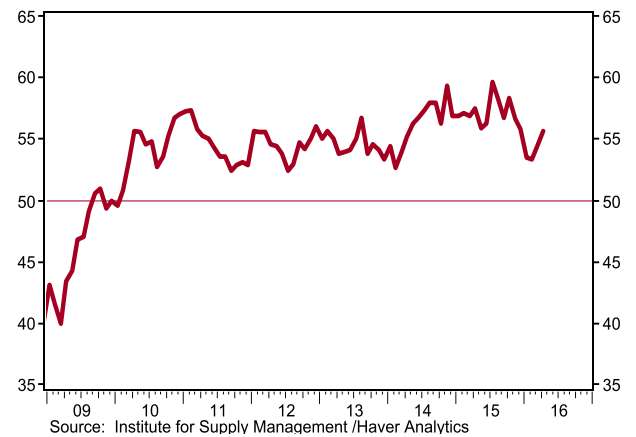
# April ISM Non-Manufacturing Index

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- The ISM non-manufacturing index rose to 55.7 in April from 54.5 in March, coming in above the consensus expected 54.8. (Levels above 50 signal expansion; levels below 50 signal contraction.)
- The major measures of activity were mostly higher in March, and all stand above 50, signaling expansion. The new orders index rose to 59.9 from 56.7 while the employment index increased to 53.0 from 50.3 in March. The supplier deliveries index remained unchanged at 51.0, and the business activity index declined to 58.8 from 59.8.
- The prices paid index increased to 53.4 in April from 49.1 in March.

**Implications:** Service sector activity picked up in April at the fastest pace of 2016. Among the eighteen industries that the ISM surveys, thirteen reported growth in April, while just four - including mining and transportation - reported contraction. Service sector activity has now grown for 75 consecutive months, and continued strength in both new orders and business activity show positive signs for the months ahead. The new orders index, a signal of how business activity and employment are likely to move in coming months to fill demand, rose to 59.9, the highest reading in six months. Meanwhile the business activity index declined one point to a still robust 58.8. Taken together, growth prospects remain positive with no sign of a recession. On the inflation front, the prices paid index broke above 50 in April, coming in at 53.4 as rising prices for metals and fuels more than offset declining prices for beef, eggs, and natural gas. The employment index ticked higher in April, rising to 53.0 from 50.3 in March. In both 2014 and 2015, the pace of service sector growth slowed (but still showed growth) in the first quarter before picking up through the remainder of the year, and today's report suggests this trend may continue in 2016. In other news this morning, the ADP index, which measures private-sector payrolls, increased 156,000 in April. We are waiting on tomorrow's initial claims data for a final estimate, but plugging the ADP figures into our models suggests Friday's official report on nonfarm payrolls will show a gain north of 200,000, another solid month. In other recent news, consumers continue to flock to auto dealerships, with cars and light trucks selling at a 17.4 million annual rate in April, up 5.1% from March and up 4.0% from a year ago.

**ISM Nonmanufacturing: NMI Composite Index**  
 SA, 50+=Increasing



**ISM Nonmanufacturing: Prices Index**  
 SA, 50+ = Economy Expanding



Non-Manufacturing ISM Index <i>Seasonally Adjusted Unless Noted</i>	Apr-16	Mar-16	Feb-16	3-month moving avg	6-month moving avg	Year-ago level
<b>Composite Index</b>	55.7	54.5	53.4	54.5	54.9	57.5
<b>Business Activity</b>	58.8	59.8	57.8	58.8	58.2	61.3
<b>New Orders</b>	59.9	56.7	55.5	57.4	57.6	59.0
<b>Employment</b>	53.0	50.3	49.7	51.0	52.9	56.2
<b>Supplier Deliveries (NSA)</b>	51.0	51.0	50.5	50.8	50.9	53.5
<b>Prices</b>	53.4	49.1	45.5	49.3	49.2	50.1

Source: Institute for Supply Management